

Norms relating to the Monitoring of Warehouses

These norms relating to the monitoring of warehouses are laid down by the Exchange as per norms outlined by SEBI circular SEBI/HO/CDMRD/DMP/CIR/P/2016/103 dated September 27, 2016 under the heading “Revised Warehousing Norms in the Commodity Derivatives Market for Agricultural and Agriprocessed Commodities”.

The norms relating to the monitoring of warehouses as follows:

1. Daily MIS

- a. Daily MIS of the stocks in the form of routine reporting to the Exchange. This also includes in-process stocks. The total stock position is bifurcated into UNENCUMBERED and PLEDGED stock position.
- b. **Rejected Goods:** The Exchange also monitors Rejected goods commodity wise, WSP wise and location wise. This is monitored on daily basis and displayed in public domain.
- c. The Exchange also monitors stock position Location wise, warehouse wise & WSP wise. This reports also monitors Commodity wise valid stock position, in-process stock position and status of WDRA registration of said warehouse.
- d. The Exchange also monitors post-EDD goods position location wise and date wise on daily basis.

2. Warehouse Inspection by Logistics Manager:

Logistics Manager inspect the warehouses periodically. The scope for warehouse inspection includes Physical verification of goods, Quality checking randomly, Infrastructure, SOP adherence, security status, Facilities available in warehouse, record keeping, stack maintenance activity, demarcation of rejected/post EDD goods etc.

3. Warehouse Inspection by Surveillance team:

Surveillance auditor inspect the warehouses (Approximately 50 warehouse/month). The scope for warehouse inspection includes Physical verification of goods, Quality checking randomly, Infrastructure, SOP adherence, security status, Facilities available in warehouse, record keeping, stack maintenance activity, demarcation of rejected/post EDD goods etc.

4. Surprise Visit:



The Exchange also conduct surprise visit based on the market information or based on complaints at a location. The scope includes SOP implementation at the warehouse.

5. Warehouse Inspection by Independent Audit Agency:

The Exchange ensures that independent audit of the stocks and other facilities in the warehouses is carried out by engaging expert agencies, at regular intervals. Such inspections are carried out at least twice in each accredited warehouse in a calendar year with a gap of not more than six months between two inspections/audits of same warehouse.

6. Review of warehouses and Warehouse Service Providers:

- a. The Exchange shall review and appraise operational performance of each WSP every year. Based on the operational review the Exchange may adjust the allocation of commodities and the limit of deliveries at various warehouses of the concerned WSP in accordance with the results of such performance evaluation and appraisal.
- b. Additionally, the Exchange carries out biennial and quarterly performance review of all warehouses accredited by it, taking into account various performance areas such as storage facilities, the capacity and appearance of the warehouse, business capabilities, business performance, accounting, the satisfaction level of members/clients, redressal of client grievances, and other factors as the Exchange may deem necessary for its review.